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RUEHBUL/AMEMBASSY KABUL 2625
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SUBJECT: UZBEKISTAN: UAE TO BUILD CULTURAL-RELIGIOUS CENTER
IN TASHKENT, EXPAND INVESTMENT

REF: TASHKENT 764

¶1. (SBU) Summary: Poloff met with an Economic Specialist of the United Arab Emirates (UAE) Consulate General in Tashkent on July 2 to discuss the recent conclusion of several investment-related agreements between the UAE and Uzbekistan. To date, the Government of Uzbekistan has approved 21 UAE investment projects totaling USD 3.5 billion under these agreements. The Economic Specialist also confirmed that plans exist for a UAE company, Dubai Properties, to construct a large "cultural-religious building" in downtown Tashkent on the present site of the Tomb of the Unknown Soldier. End summary.

¶2. (SBU) On July 2, Poloff met with Nigora Asadova, a locally-employed Economic Specialist of the UAE Consulate General in Tashkent, to discuss UAE investment in and trade with Uzbekistan. Asadova informed Poloff that President Karimov has approved 21 UAE investment projects worth USD 3.5 billion under the framework of the Uzbekistan-UAE agreement concluded during an October 2007 visit to Tashkent by Sheik Mohammad bin Rashid al-Maktoum, Vice President and Prime Minister of the UAE as well as Ruler of Dubai. Of that amount, the UAE reportedly plans to invest USD 1.4 billion in fuel and energy projects. Asadova noted that the countries also concluded a double taxation waiver agreement during the October 2007 visit. On March 17-18, 2008, President Karimov reciprocated with an official visit to the UAE, during which the two countries agreed to establish a Joint Intergovernmental Commission for Economic Cooperation. The goal of this body--which held its first meeting in Tashkent on May 28--is to expand bilateral trade, investment, and technical cooperation. A follow-up Uzbek-UAE Business Forum was held in Tashkent on May 29.

¶3. (SBU) Asadova informed Poloff that 68 UAE-capitalized enterprises currently operate in Uzbekistan: 32 wholly UAE-owned enterprises and 36 joint ventures. These enterprises are concentrated in the construction materials, electrical products, transport, trade, and food industry sectors. Asadova reported that Uzbekistan-UAE bilateral trade totaled USD 93.1 million in 2007, down from USD 112.4 million

in 2006 and USD 116.7 million in 2005. She noted that the decrease was due to normal fluctuations in trade rather than any particular economic or political developments in Uzbekistan. According to Asadova, Uzbekistan enjoyed a trade surplus of USD 48.4 million with the UAE in 2007. Uzbek cotton exports reportedly accounted for much of that surplus, which she said comprised 73 percent of the Uzbek exports to the UAE that year. Uzbekistan also provides air transportation to the UAE and exports silk and non-ferrous metals. In return, Uzbekistan imports electrical appliances, rubber products, building materials, and foodstuffs from the UAE.

¶4. (SBU) Asadova also confirmed reports that Uzbekistan plans to build a large "cultural-religious building" on the site of the current Tomb of the Unknown Soldier in downtown Tashkent honoring Uzbek soldiers who died in World War II. (Note: Recent rumors suggested that the new building would be a very large mosque. Asadova, however, indicated that the building would be "more cultural than religious." End note.) She said that the UAE company Dubai Properties Group would construct the new cultural-religious building, but she was unable to provide further details on the project. According to a paper Asadova provided to Poloff, the Institute of Oriental Studies of Uzbekistan and the Juma Al Majid Heritage and Culture Center of the UAE signed a cultural cooperation agreement during President Karimov's March 2008 visit to the UAE. It is unclear whether this agreement is related to the Dubai Properties construction plans. Asadova noted that Dubai Properties also plans to construct a new USD 500 million

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business center in Tashkent. (Note: We have heard separately that a Dubai-based shipping company may invest in infrastructure upgrades to the strategically-located but decrepit river port at Termez on Uzbekistan's border with Afghanistan. See reftel. End note.)

¶5. (SBU) Comment: Economic cooperation between Uzbekistan and the UAE appears to be deepening, with investment-related agreements concluded between the two states in October 2007 and March 2008. However, close to 50 other countries have signed similar framework agreements on the encouragement and protection of investments in Uzbekistan with only limited implementation, and particulars and timeframes for the announced UAE investment in Uzbekistan remain unclear. In any case, Dubai Properties' plan to construct a large cultural-religious building at such a prominent Tashkent location in an ostensibly secular state warrants further monitoring. In general, the UAE appears to share Uzbekistan's desire to promote a more liberal brand of Islam and counter extremist religious ideologies. While the planned cultural-religious center may signal an effort by President Karimov to highlight Uzbekistan's bonds to the broader Islamic world, it is unlikely to represent an official effort to increase significantly the role of Islam in Uzbek society and politics. End comment.

NORLAND